

IPO Under-pricing Phenomenon Approach: Does Covid-19 Has a Negative Sectoral Impact?

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Abstract

An initial public offering (IPO) refers to the process of offering shares of a private corporation to the public in a new stock issuance. An IPO allows a company to raise capital from public investors. This study aims to prove the sectoral impact of the Covid-19 pandemic in Indonesia. Qualitative identification through content analysis on public online media and report documents on the results of analysis by research institutes and consultants identifies potential negative impacts on several industrial sectors as a result of the Covid-19 pandemic throughout 2020, but on the other hand, IPO action on the Indonesian capital market in 2020 still ongoing. Previous research has not been found specifically that analyzes the relationship between the impact of Covid-19 on industry and the performance of IPO actions per industrial sector, then through the IPO under-pricing phenomenon approach, empirical evidence is carried out. This research uses secondary data for the initial returns of 315 companies that conducted IPO actions during the period 2010 to 2020 on the Indonesian capital market and testing using a paired sample test on the population of IPO actions before and during the Covid-19 pandemic, the results of this study indicate that simultaneously in all the corporate sector did not find any statistically significant difference in initial returns between the period before and during the pandemic. This shows that the Covid-19 pandemic does not directly impact the behavior of capital market investors, especially in making investment decisions in the primary market.

Keywords: *Content Analysis, Covid-19 Pandemic, IPO Under-pricing, Market Performance.*

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INTRODUCTION

The COVID-19 (Coronavirus Disease 2019) outbreak has had a serious impact in almost all countries in the world, including Indonesia. On March 2, 2020, President Joko Widodo announced the first case of COVID-19 in Indonesia (Putri, 2020). Since then, the number of COVID-19 cases in Indonesia has continued to increase and as of Wednesday (22/12/2020) at 12.00 WIB, it has reached more than 685,639 people, cases of patients who have died have

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increased to a total of 20,408 (Putri, 2020). The total number of COVID-19 virus infections worldwide to date (24/12/2020) has reached 78,623,752 cases, and 44,245,956 of them have been declared cured and 1,729,166 people have died based on the COVID-19 Dashboard by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (Amani, 2020). The death rate for global citizens due to COVID-19 continues to increase and the WHO (World Health Organization) has declared COVID-19 as a pandemic.

Impact the outbreak of this pandemic has an impact on various fields and aspects. One aspect that has become a concern is investment behavior. The existence of restrictions or lockdowns in various countries has an impact on economic activity in Indonesia. Almost all of Indonesia's export-import destination-origin countries are affected by the COVID-19 outbreak. Besides, the Composite Stock Price Index (IHSG) on the Indonesia Stock Exchange (IDX) continues to weaken with the increasing number of people infected with COVID-19. The weakening of the JCI was in line with the drop in the rupiah exchange rate against the US dollar (Christiawan, 2020). This condition causes investors and business actors to feel worried and reluctant to invest. The under-pricing phenomenon in the American capital market experienced an average under-pricing of 11.4% occurred in shares of companies that conducted IPOs in 1960-1969 (Yusniar, 2016). Ibbotson, et al (1995) (Ibbotson & Ritter, 1995) found an average under-pricing of 15.3% occurred in company stocks after conducting IPOs from 1960-1992. Likewise in Indonesia, this phenomenon occurs in shares of companies conducting IPOs. In their research Puspitaningrum, Manurung, Manurung, & Candidate (2020) stated that the occurrence of under-pricing in the Indonesian market was marked by an average Initial Return of 33.89% for the period 2000 - 2017 from 355 companies that conducted IPOs. There is no difference in Initial Return behaviour when viewed from the type of industry, but there is a difference in Initial Return yearly.

The Investment Coordinating Board (BKPM) stated that the investment impact resulting from the spread of the COVID-19 outbreak is quite large, considering that China is the country with the second-largest foreign investment realization in Indonesia in 2019 with an investment value of not less than USD 4.7 billion which is equivalent almost 17% of the total value of the total foreign investment in Indonesia (BKPM, 2020). The impact of the Covid-19 pandemic has been felt globally throughout 2020 in all aspects of life, one of which is in the economic and financial aspects, and Indonesia is no exception. In addition to changing their operating model and business model to a mode of maintaining business continuity (Accenture, 2020), companies must maintain a 'going concern' for long-term growth through an initial public offering (hereinafter referred to as an 'IPO action') to strengthen the capitalization of the company. The trend in the actions of companies conducting IPOs is considered to have fluctuated from 2017 to 2020. This is shown in the following graph.

Figure 1 shows that the interest of companies in several industrial sectors on the IDX in conducting IPOs has fluctuated from 2017 to 2020, the period before and during the COVID-19 pandemic. In general, almost all industrial sectors felt the impact of the pandemic, of the 9 industrial sectors 4 sectors experienced an increase in the number of companies conducting IPOs,

and 4 sectors experienced a decrease in the number of companies conducting IPOs, and 1 stable sector, namely Mining.

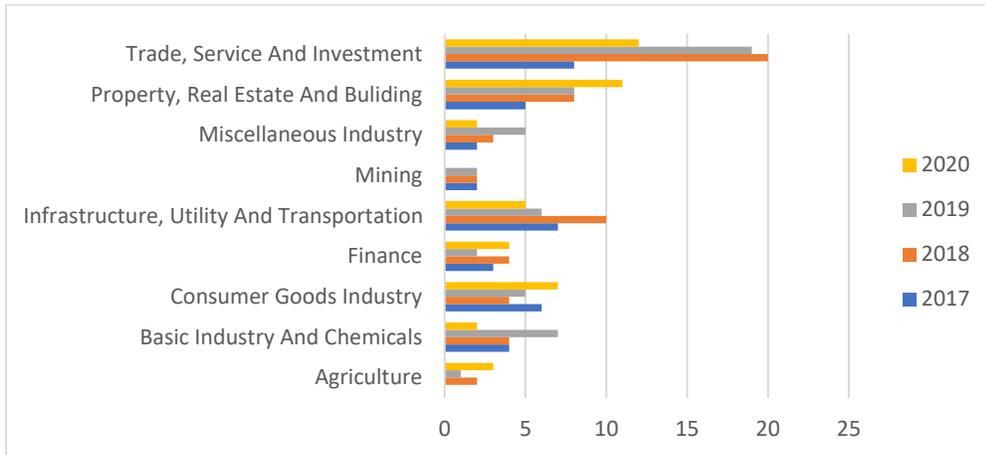


Figure 1. The number of companies conducting IPOs based on industrial sectors

The share price at the time of the IPO is determined by an agreement between the issuing company and the underwriter. In this share price determination mechanism, there is often a price difference between the share price in the primary market and the secondary market. If the price is shown on the secondary market on the first day (closing price) is lower than the price set on the primary market, it is referred to as ‘*overpricing*’. Conversely, if the share price shown in the secondary market on the first day is higher than the share price determined in the primary market, this is called ‘*under-pricing*’ (Manurung, 2012). Under-pricing is a loss for the issuer because there is a difference between the realized price on the secondary market and the price set in the primary market. This is a loss for the issuer. Found in the previous study (Yusniar, 2016) stated that the company would not benefit if there was under-pricing because the funds obtained at the IPO were not maximal. However, unlike investors, this is an advantage or often referred to as Initial Return (IR). Initial Return is the profit obtained by shareholders due to the difference in the price of shares purchased in the primary market during the IPO with the selling price concerned on the first day on the secondary market. The under-pricing phenomenon is a high and promising attraction for investors, meaning that the higher the under-pricing, the higher the Initial Return (IR) in the form of the Capital Gain that investors expect.

The phenomenon of IPO under-pricing is still one of the research topics that has attracted the attention of researchers. The main research question was what the theoretical model is and determining factors that can explain such puzzling variations in IPO under-pricing phenomenon (Jamaani & Alidarous, 2019). Compiled from several review articles of previous research (Daily et al., 2003; Fitza & Dean, 2016; Jenkinson & Ljungqvist, 2001; Kennedy et al., 2006; Ljungqvist, 2007; Loughran & Ritter, 2002; Ritter & Welch, 2002) that IPO under-pricing theories can be studied based on information asymmetry, institutional explanations, ownership and control reasons, and behavioural explanations (see Figure 2). Information asymmetry models based on the asymmetric information problem between issuing firms and underwriters, investors

and underwriters, issuers and investors, and informed and uninformed investors; institutional explanations for IPO under-pricing has inspired the emergence of three dominant institutional-based theories, including lawsuit avoidance, price stabilization, and tax advantages hypotheses; ownership and control theories contend that IPO under-pricing works as an effective mechanism in shaping the shareholder base to deter outside investors from intervening in managing their firms once they are publicly listed; and the last theory was the presence of informational cascades as a behavioural explanation, which is discussed where the central argument is that the IPO market is prone to the presence of “irrational” investors who bid up the price of IPO shares beyond their true value (Jamaani & Alidarous, 2019).

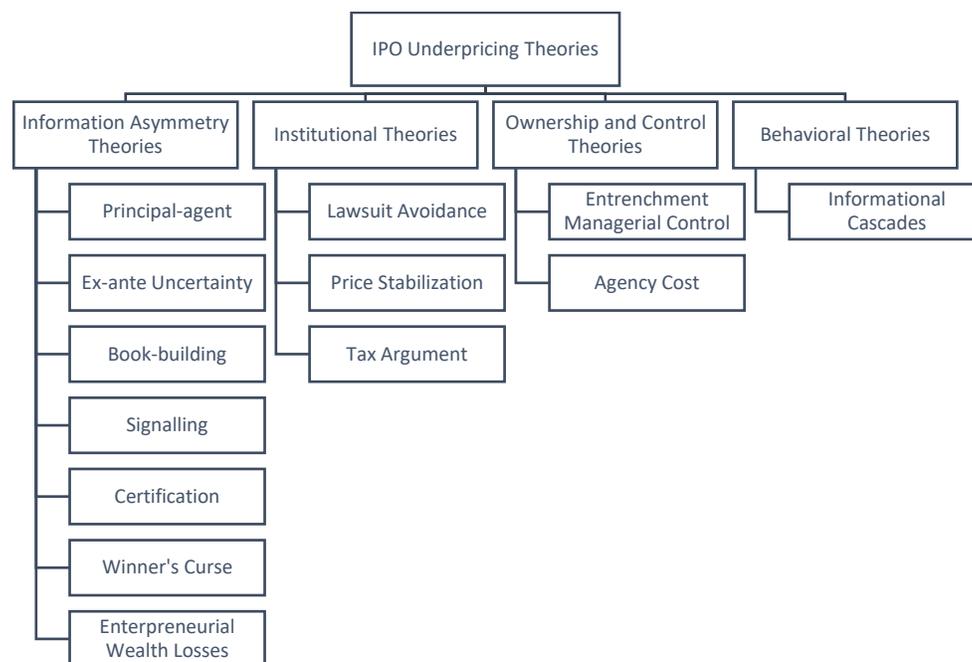


Figure 2. Dominant IPO Under-pricing Theories (Jamaani & Alidarous, 2019)

Several previous studies related to phenomena *under-pricing* is according to (Akseptori et al., 2019) concluded that internal factors (Debt To Equity Ratio (DER), Earning Per Share (EPS), Return On Assets (ROA), Company Age (AGE), Company Size (SIZE), Percentage of Shares Offered (PSD) has a significant effect on under-pricing and stock performance, while external factors (Inflation (INF), Exchange Rate (KURS), Bank Indonesia Interest Rates (RATE) have no significant effect on under-pricing and stock performance in companies conducting IPOs in the Indonesia Stock Exchange in the infrastructure, utility, and transportation sector in 2010-2018, which in line with (Oktavia & Handayani, 2018) that the rupiah exchange rate does not affect the Composite Stock Price Index (CSPI). Yusniar, (2016) shows that the performance of shares in companies that conducted IPOs in 2010 - 2012 for the short and long term is

significantly different. Investors get positive initial returns and short-term stock performance returns to normal tend to decline (outperformance), while long-term abnormal returns are fluctuating. The size of the under-pricing level greatly affects the stock performance after conducting the IPO because IPO is an indirect cost burden for the company (Yusniar, 2016).

Companies conducting IPOs in the 2010-2015 period found that internal factors (variable ROA, DER, company age) and external factors (inflation) affected under-pricing (Thoriq et al., 2018). ROA has a negative relationship with under-pricing, while DER, age, and inflation have a positive relationship with under-pricing. Likewise (Haymans Manurung & Cardo Manurung, 2019) stated in the results of their research that the Initial Return Lag variables one and two, inflation and oil prices had a significant effect on under-pricing in the Indonesian market for the 2000-2018 period. These two studies confirm that macroeconomic factors have a significant effect on under-pricing. Although there are not many studies on under-pricing and stock performance, research in this area is still very interesting because there is an inconsistency with economic conditions that fluctuate from year to year. This inconsistency is known as an anomaly in the stock market. Three main anomalies occur, namely under-pricing, short-run outperformance, and long-run underperformance (Yusniar, 2016).

Research that conducts analysis the relationship between the impact of Covid-19 on the industry and the performance of IPO actions per industrial sector has less found, so this study aims to examine the reaction of the Indonesian capital market to the IPO underpricing of companies before the Covid-19 pandemic and during the 2020 pandemic and supported by content analysis from digital media as well. This research is expected to enrich scientific references to event-studies on non-economic events, especially during the COVID-19 pandemic and the direct impact on the capital market in Indonesia in general, and the impact of reactions on the industrial sector of companies that carry out IPO underpricing. However, by still paying attention to the resilience of research results through analysis of content contained in digital media regarding the company's IPO action during the pandemic in 2020. The benefits of this research are expected that investors in IPO actions in the primary market can better recognize the behavior of the Indonesian capital market so that they can make the best investment decisions. on every event (economic and non-economic) that occurs. In this study, the hypothesis to be tested is whether there is a difference in the core return (IR) of shares of companies conducting IPO underpricing on the Indonesian stock exchange before and during the Covid-19 pandemic in Indonesia.

H1 = There was found a difference in the core return (IR) of shares of companies that carried out IPO under-pricing on the Indonesian stock exchange before and during the Covid-19 pandemic in Indonesia.

Furthermore, the results of the hypothesis test are compared with the results of the content analysis conducted previously to ensure the consistency of the reviews of previous researchers who published articles and/or reports related to the impact of Covid-19 by sector.

RESEARCH METHOD

The data used in this research is secondary data in the form of the initial closing price after the company's IPO action on the Indonesia Stock Exchange and digital media. This study uses a mixed method with two research approaches, which are a qualitative approach and a quantitative approach. The object of this research is a company that conducts an initial public offering on the Indonesia Stock Exchange from 2010 - 2020. We use the 2010-2020 period to minimize short-term effects and anticipate long-term event variants that affect the Indonesian capital market.

Qualitative methods

The qualitative method used in this research is the content analysis technique (Krippendorff, 2018) which defines content analysis as a research technique to infer the meaning of the text or through procedures that can be trusted (reliable), can be replicated or applied in different contexts (replicable), and are valid. The content analysis carried out in this study focuses on the main themes and then we summarize the priority list of the industrial sectors most affected during the pandemic. The steps of the research procedure are to choose a topic, collect evidence, critically evaluate the source of evidence, evaluate evidence critically, analyze and interpret evidence, and present evidence and conclude it (Golder, 2000). The criteria for data sources used are that they can be accessed by the wider community and have data coverage at national and regional scales. The research procedure was (1) selecting research topics; (2) selecting and searching data sources; (3) content analysis of each data source; (4) checking the reliability between judges; (5) identification of themes; (6) presentation of results.

The quantitative content analysis focuses more on the visible (express/manifest/real) content of the communication. This quantitative content analysis stage begins with categorizing, collecting data, coding data (data coding), processing data; and presenting data, and providing interpretation (Jumal Ahmad, 2018) (The online media that is the research population is a news portal that provides news about Covid-19 in Indonesia. The sample was determined by purposive sampling by determining the criteria for an economic news portal that presents news about the impact of Covid-19 on the industrial sector in Indonesia with a time limit for data collection from the announcement of the Covid-19 pandemic to December 2020. Then coding, namely recording symbols or messages systematically, and finally provide interpretation.

Quantitative methods

The quantitative method used in this research is the event study methodology (ESM). This method is used to see the IPO actions of companies in the Indonesian capital market against the Covid-19 pandemic. The event study methodology uses the initial return approach so that it can be observed whether the market reaction to obtain returns from capital market movements is influenced by this pandemic event.

To testing the hypothesis for the quantitative method, this research will use a paired sample t-test on the initial return before and during a pandemic event, namely the period before the pandemic is 2010 to 2019 and the period during the pandemic is 2020. This study uses initial

returns in measuring market reactions in companies that carry out IPO action on the Indonesian Stock Exchange. Initial return is the profit received by investors from the difference between the initial offering price of a share and the closing price on the first day on the secondary market (Manurung, 2012). Initial return calculation uses the closing price that occurs in the secondary market compared to the initial price calculated by equation (1) as follows:

$$IR = \frac{P_m - P_s}{P_s} \dots\dots\dots (1)$$

Where P_m is the closing price on the secondary market and the initial offering price. P_s is the opening price on the secondary market and the initial offering price.

RESULTS AND DISCUSSION

Results

Descriptive Statistics

Three hundred and fifty-six (356) companies carried out IPO actions in the last 11 years, namely, 343 companies carried out in 2010 to 2019 and 13 companies that conducted IPOs during the 2020 pandemic. Of the 10 sectors on the Indonesia Stock Exchange, 9 sectors were listed. conducted an IPO and only in the manufacturing sector where there were no IPO actions of companies registered in it from 2010 to 2020. Companies that carried out the most IPO actions were in the Property, Real Estate, and Building sector; Infrastructure, Utility, and Transportation; and Property, Real Estate and Building.

Table 1. IPO action at 2010 - 2020

Sector	IPO	IPO Overpricing	IPO Underpricing	%
Agriculture	14	3	11	3.93%
Basic Industry And Chemicals	28	3	25	7.87%
Consumer Goods Industry	32	2	30	8.99%
Finance	39	5	34	10.96%
Infrastructure, Utility And Transportation	56	9	47	15.73%
Mining	18	2	16	5.06%
Miscellaneous Industry	18	3	15	5.06%
Property, Real Estate And Building	54	4	50	15.17%
Trade, Service And Investment	97	10	87	27.25%
Total	356	41	315	

Table 1 shows that 88.48% of companies conducting IPOs experienced underpricing, while the rest experienced overpricing. The number of companies that carried out the most IPO actions was in the Trade, Service and Investment sector (27.25%), while the companies with the least

number were in the Agriculture sector. An underpricing phenomenon is an event where the closing price of the first day in the secondary market is higher than the first bid price in the primary market or other words, the bid price at the IPO is lower than the market price that occurs. For the last eleven years the Trade, Service And Investment sector is the sector that invests the most, this is a manifestation of the government in increasing investment companies to conduct initial offerings in the capital market as an effort to get a lot of company capital and contribute to the country's wealth.

Qualitative Analysis

Qualitative analysis is carried out through content analysis on economic-content portals from online media and publication of research reports from research institutes. Based on ten economic news portals (online media) in Indonesia, it can be interpreted that at the time of the initial announcement of Covid-19, namely March 2020, where lockdowns, social distancing, travel restrictions, and large-scale social restrictions (PSBB) were implemented, several sectors were negatively affected by Covid-19 includes the tourism, aviation, food and beverage, restaurant and manufacturing sectors. However, in new normal conditions in June and July 2020.

Table 2. Content Analysis Results

Sector	References	
	Positive / Not Affected	Negative
Agriculture		(Liputan6, 2020)
Basic Industry And Chemicals		
Consumer Goods Industry	(Koran Sindo, 2020; Sukmana, 2020)(Hartanti, 2020)(Liputan6, 2020)	(Elena, 2020)
Finance	(Qolbi & Kartika, 2020)(Hartomo, 2020)	
Infrastructure, Utility, And Transportation	(Rosmayanti, 2020; Sukmana, 2020)(Hartomo, 2020)(Liputan6, 2020)	(Elena, 2020; Koran Sindo, 2020; Qolbi & Kartika, 2020; Sukmana, 2020)
Mining		(Liputan6, 2020)
Miscellaneous Industry		(Febriani, 2020; Hartomo, 2020; Koran Sindo, 2020)
Property, Real Estate And Building	(Qolbi & Kartika, 2020; Sukmana, 2020)	(Elena, 2020; Hartanti, 2020)
Trade, Service And Investment	(Elena, 2020; Febriani, 2020; Qolbi & Kartika, 2020)(Hartomo, 2020)(Liputan6, 2020)	(Liputan6, 2020; Rosmayanti, 2020)

Table 2. was collected from ten economic news portals (online media) in Indonesia like kumparan.com, medcom.id, Kontan.co.id, bisnis.com, Okezone.com, Wartaekonomi, Tribunnews.com, Kompas.com, Sindonews.com, and liputan6.co.id. There are sectors affected by the Covid-19 pandemic during the Covid-19 pandemic from early 2020 (January) to mid-2020 (July). The results shows that society has begun to adapt to pandemic conditions so that the sectors that had decreased (negative) gradually. Based on the results of the content analysis, the sector that is not affected at all (positive and negative) with lockdowns, social distancing, travel restrictions, and large-scale social restrictions (PSBB) were implemented, anticipating the spread of COVID-19 is Basic Industry And Chemicals. The finance sector also did not report any negative impact on lockdown rules and PSBB, the public can still take advantage of online banking facilities. Meanwhile, the three sectors that were negatively affected by the lockdown, social distancing, travel restrictions and PSBB regulations are Agriculture, Mining and Miscellaneous Industry as reported by Liputan6, Koran Sindo, Okezone and Tribunnews. The Consumer Goods Industry, Infrastructure, Utility, And Transportation, Property, Real Estate And Building and Trade and Service And Investment sectors have seen negative and positive reports from several online mass media.

We may explain theoretically that the Basic Industry and Chemical sector are industries that have a specific market with a regular quantity of demand. Similarly, despite a transition in payment instruments to cashless transactions, the Financial Industry was able to sustain transaction volume. Furthermore, the negative impact for the Agriculture, Mining, and Miscellaneous Industry sector can be explained by the shift in consumer spending priorities from secondary and/or tertiary commodities back to primary items.

Quantitative Analysis

The core return is the gain or loss received by investors from the difference between the closing price of the first day on the secondary market and the first bid price at the IPO. In 315 companies that did IPO underpricing, there was a decline in performance during the pandemic, it seems that the average initial return that occurred during the pandemic was smaller than the average initial return that occurred before the pandemic. Paired sample tests were conducted to see differences in the performance of the IPO actions carried out in the period before the 2010 to 2019 pandemic and the period during the 2020 pandemic.

Table 3 shows that the results of the analysis, the Paired Sample test underpricing IPO actions that occurred before and during the pandemic did not show any statistically significant difference in initial returns. The results of the partial analysis in each sector show that almost all sectors show no difference in initial returns obtained by investors during the period before the pandemic in 2010-2019 and the pandemic period in 2020. The agriculture sector shows a difference in core returns, but this difference is very low at the confidence level. 90%. The mining sector cannot take into account the level of significance of the difference because in 2020 there are no companies conducting IPOs, so a comparative analysis cannot be carried out.

Table 3. Paired Sample test for Initial Return

Sector	Average Initial Return		Difference	Sig.
	2010-2019	2020		
Agriculture	20.08%	43.06%	22.98%	0.065 *
Basic Industry And Chemicals	38.23%	34.77%	-3.45%	0.864
Consumer Goods Industry	39.43%	33.13%	-6.30%	0.338
Finance	41.51%	44.73%	3.22%	0.845
Infrastructure, Utility And Transportation	40.85%	44.77%	3.92%	0.436
Mining	27.98%	0.00%	-27.98%	NA
Miscellaneous Industry	40.10%	34.42%	-5.69%	0.523
Property, Real Estate And Building	45.80%	46.67%	0.87%	0.276
Trade, Service And Investment	42.94%	30.22%	-12.72%	0.302
Total	37.43%	34.64%	-2.79%	0.559

*, **, *** represent the confidence level at the 90%, 95, and 99% levels respectively

Discussion

IPO performance in the Indonesian capital market before the Covid-19 pandemic

The occurrence of underpricing in the Indonesian capital market from 2010 to 2020 resulted in a high initial return of 40.12% (see Table 3). This shows =higher initial return relatively compare to the results of (Puspitaningrum et al., 2020) research which states that the average initial return for the 2000-2017 period is only 33.89%. This high underpricing phenomenon is one of the highest and profitable attractions for investors who will invest in Indonesia. Investors expect capital gains from higher core returns due to higher underpricing.

The occurrence of underpricing in the Indonesian capital market from 2010 to 2019 (before the Covid-19 pandemic) resulted in a high average initial return of 37.43% (see Table. 3). There is no difference in Initial Return behavior when viewed from the type of industry but there is a difference in Initial Return each year (yearly), so it also found similar results on Infrastructure, Utilities and Transportation sectors. The average value of the initial return of the Infrastructure, Utilities and Transportation sectors in 2010 to 2020 (before the Covid-19 pandemic) was higher than the results of (Akseptori et al., 2019) which showed the occurrence of an underpricing phenomenon in the infrastructure, utility and transportation sectors in the 2010-2018 period with -The Initial Return average was 34.1%. This high underpricing phenomenon is one of the highest and profitable attractions for investors who will invest in Indonesia. Investors expect capital gains from higher core returns due to higher underpricing.

IPO performance in the Indonesian capital market during the Covid-19 pandemic

The underpricing phenomenon in the Indonesian capital market during the Covid-19 pandemic at Year 2020 resulted in a high average initial return of 34.64% (see Table 3), but this indicates a decrease in the average initial return value of 2.79%. The average initial return during this pandemic shows a higher value than the (Puspitaningrum et al., 2020) research. This means that

the IPO action in the Indonesian capital market during the Covid-19 pandemic through the IPO Underpricing Phenomenon Approach can be said to have not changed significantly, even tending to be better than the period before the pandemic when it compared to the results of previous research.

When we viewed from each industrial sector, five sectors experience a decrease in the average Initial Return value, indicated by a negative value in the difference (see Table. 3), and four sectors that experience an increase in the average Initial return value. The Agriculture sector increased sharply by 22.98%, this is in line with the results of the Content Analysis of the online news portal kumparan.com with the headline "The Agriculture and Food Sector in West Java is the Most Less Affected by COVID-19" which was reported in June 2020 (kumparan.com, 2020). Companies in the Mining sector did not conduct an IPO during the Covid-19 pandemic, so it is considered to have decreased the average Initial Return value of 27.98%. The underpricing phenomenon in the mining sector cannot be compared between before and during the Covid-19 pandemic.

As a result of this situation, firms will consider raising funds through an IPO or through a financial institution carefully. Investors, on the other hand, will look at the future potential of the company's shares issued during the Covid epidemic.

Content Analysis approach result discussion

Based on Table 2, the finance sector does not have a negative but positive impact, which means that government regulations on lockdowns, social distancing, travel restrictions, and large-scale social restrictions (PSBB) do not affect the activities of the financial sector. The public can still carry out financial transactions and banking facilities online even though there are restrictions. The Miscellaneous Industry sector had a negative impact due to restrictions on imports of raw materials. The sectors that were initially negatively affected as reported by online media were the Consumer Goods Industry, Infrastructure, Utility, And Transportation, Property, Real Estate And Building and Trade and Service And Investment sectors. These sectors affected by the Covid-19 pandemic during the Covid-19 pandemic from early 2020 (January) to mid-2020 (July) changed from negative to positive.

For example, the food and beverage, food, and consumer goods industry sectors, in the long run, will increase and become positive, according to business.com on April 5, 2020, to be precise one month after the announcement of the first case of COVID-19 in Indonesia (March 2, 2020). This condition shows the phenomenon of people's fear of leaving the house to buy food and drinks, but this situation did not last long. The food and beverage, food, and consumer goods industry sectors were gradually increasing and becoming sectors that were positively affected by the pandemic. This is because people's purchasing power has begun to increase by adapting to not eating in place but ordering online via online motorcycle taxis or taking them home. The food and beverage industry sector is a sector that is negatively affected in the short term but moves positively in the long term.

Finally, the results of this study indicate that there is no difference in the average initial return obtained by investors in the underpricing phenomenon in the period before the pandemic and during the pandemic. This shows that the Indonesian capital market is not affected by the

long-term pandemic of the COVID-19 outbreak. The initial return obtained by investors on the IPO underpricing did not change significantly from time to time, both before and during the pandemic. All sectors that occurred underpricing IPO phenomena also did not have a significant difference in initial return, this proves that there is no certain sector that is affected by the pandemic in the long term. The implication of this research is investors do not view an IPO action before and during a pandemic as a different thing and investors must understand the behavior of stock market efficiency in Indonesia before making an investment decision. IPO actions carried out by the company during the pandemic were normal and received a good response from investors. Many of the returns that occur are still underpricing.

CONCLUSIONS

Based on the results of research, these Lais Health Center and Teluk Kijing Health Center can be said is ready to implement this policy in accordance with the Minister of Home Affairs Regulation No. 79 of 2018. This readiness is measured by input, process, and output. The input which consists of stakeholder analysis is seen based on the commitment, knowledge, and responsibility of the public health center and the public health office. The stakeholders in Musi Banyuasin District have committed to support the BLUD policy implementation plan. The process of implementing this policy is seen from the communication and coordination between the public health center and the public health office as a mentoring team that facilitates the preparation of the public health center to the BLUD. The output showed that the BLUD requirements have been fulfilled which include technical and substantive administrative requirements.

The limitation of this study is that the results of this study are not intended to generalize, and data collection is only carried out in one district in Indonesia. However, the results of this study are still possible for other local governments who have the same contextual conditions to be able to make the results of this study as input information when preparing the BLUDs financial management pattern.

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APPENDIX

Sector and Sub-Sector of Indonesian Stock Exchange Stock					
Sec. 1	Agriculture	Sec.4	Miscellaneous industry	Sec. 7	Infrastructure, utility, and transportation
11	- Crops	41	- Machinery and Heavy Equipment	71	- Energy
12	- Plantation	42	- Automotive and Components	72	- Toll Road, Airport, Harbor and Allied Products
13	- Animal Husbandry	43	- Textile, Garment	73	- Telecommunication
14	- Fishery	44	- Footwear	74	- Transportation
		45	- Cable	75	- Non-Building Construction
Sec. 2	Mining	46	- Electronics		
21	- Coal Mining			Sec. 8	Finance
22	- Crude Petroleum & Natural Gas Production	Sec. 5	Consumer goods industry	81	- Bank
23	- Metal and Mineral Mining	51	- Food and Beverages	82	- Financial Institution
24	- Land / Stone Quarrying	52	- Tobacco Manufacturers	83	- Securities Company
		53	- Pharmaceuticals	84	- Insurance
Sec. 3	Basic industry & chemicals	54	- Cosmetics and Household	85	- Others
31	- Cement	55	- Houseware		
32	- Ceramics, Glass, Porcelain	56	- Others	Sec. 9	Trade, service, and investment
33	- Metal And Allied Products			91	- Wholesale
34	- Chemicals	Sec. 6	Property, real estate, and building construction	92	- Retail Trade
35	- Plastics and Packaging	61	- Property and Real Estate	93	- Restaurant, Hotel and Tourism
36	- Animal Feed	62	- Building Construction	94	- Advertising, Printing & Media
37	- Wood Industries			95	- Healthcare
38	- Pulp and Paper			96	- Computer and Services
39	- Others			97	- Investment Company
				98	- Others